
HOUSE BILL 2221

State of Washington

60th Legislature

2007 Regular Session

By Representatives Pettigrew, Hudgins, Kenney and Moeller

Read first time 02/13/2007. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to assistance for disadvantaged contractors; adding
2 new sections to chapter 39.19 RCW; making appropriations; and providing
3 an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this
6 section apply throughout this chapter unless the context clearly
7 requires otherwise.

8 (1) "Bond" includes a bid bond, payment bond, or performance bond.

9 (2) "Director" means the director of the office of minority and
10 women's business enterprises.

11 (3) "Disadvantaged contractor" means a business that is: (a)
12 Registered as a contractor under chapter 18.27 RCW or licensed as a
13 contractor under chapter 19.28 RCW; and (b) designated by the director
14 as a disadvantaged contractor in accordance with section 2 of this act.

15 (4) "Fund" means the disadvantaged contractor bonding program fund
16 created in section 5 of this act.

17 (5) "Office" means the office of minority and women's business
18 enterprises.

1 (6) "Qualified disadvantaged contractor" means a disadvantaged
2 contractor that is participating in the contractor assistance program
3 established in section 3 of this act.

4 (7) "Surety company" means a company authorized by the insurance
5 commissioner to issue bonds as surety.

6 NEW SECTION. **Sec. 2.** DISADVANTAGED CONTRACTORS. The director
7 shall determine whether a business that is registered as a contractor
8 under chapter 18.27 RCW or licensed as a contractor under chapter 19.28
9 RCW is a disadvantaged contractor, and shall adopt rules establishing
10 the criteria and procedures for making this determination. The
11 business owner or owners shall be required to show both social and
12 economic disadvantage based on the following:

13 (1) The relative financial resources of the business as well as the
14 personal wealth of the owner or owners of the business;

15 (2) Social disadvantage based on any of the following:

16 (a) Color, ethnic origin, gender, or physical disability;

17 (b) Location in an area of high unemployment or a qualified census
18 tract; or

19 (c) Other factors not common to other small businesses; and

20 (3) Economic disadvantage based on business size thresholds and
21 eligibility criteria developed in rule that are designed to stimulate
22 economic development through contract awards to businesses located in
23 qualified census tracts.

24 NEW SECTION. **Sec. 3.** CONTRACTOR ASSISTANCE PROGRAM. The director
25 shall contract with nonprofit organizations to provide technical
26 assistance to disadvantaged contractors to become more competitive by
27 developing or improving their business operations skills. During the
28 2007-2009 biennium, the director shall enter into two contracts to
29 provide technical assistance to disadvantaged contractors, with one
30 contract for contractors located west of the crest of the Cascade
31 mountains, and the other for contractors located east of the crest of
32 the Cascade mountains.

33 NEW SECTION. **Sec. 4.** BOND GUARANTEE PROGRAM. (1) The director
34 may guarantee bonds executed by sureties for qualified disadvantaged
35 contractors as principals on contracts that are estimated to cost five

1 hundred thousand dollars or less and that are with the state, any
2 political subdivision, or any person as the obligee. The director, as
3 guarantor, may exercise all the rights and powers of a company
4 authorized by the insurance commissioner to guarantee bonds under Title
5 48 RCW but otherwise is not subject to any laws related to a guaranty
6 company under Title 48 RCW or to any rules of the insurance
7 commissioner.

8 (2) The director shall adopt rules establishing procedures for
9 submission, review, and approval of applications for bond guarantees
10 under this section.

11 (3) In accordance with rules adopted pursuant to this section, the
12 director may guarantee up to ninety percent of the loss incurred and
13 paid by sureties on bonds guaranteed under subsection (1) of this
14 section.

15 (4) The penal sum amounts of all outstanding guarantees made by the
16 director under this section shall not exceed three times the amount of
17 moneys in the fund.

18 (5) The director may approve one application per fiscal year from
19 each surety bond company for bond guarantees in an amount requested to
20 support one fiscal year of that company's activity under this section.
21 A surety bond company that applies for a bond guarantee under this
22 subsection, whether or not the guarantee is approved, is not restricted
23 from also applying for individual bond guarantees under subsection (1)
24 of this section.

25 NEW SECTION. **Sec. 5.** FUND. The disadvantaged contractor bonding
26 program fund is created in the custody of the state treasurer. Only
27 the director may authorize expenditures from the fund. The fund and
28 all disbursements from the fund are subject to the allotment procedure
29 under chapter 43.88 RCW, but an appropriation is not required for
30 expenditures. Expenditures from the fund may be used only for claims
31 against the state arising against a bond of the contractor. Nothing in
32 section 4 of this act grants or pledges to any obligee or other person
33 any state moneys other than the moneys in the fund.

34 NEW SECTION. **Sec. 6.** APPROPRIATION--CONTRACTOR ASSISTANCE
35 PROGRAM. The sum of two hundred thousand dollars, or as much thereof
36 as may be necessary, is appropriated for the biennium ending June 30,

1 2009, from the insurance commissioner's regulatory account to the
2 office of minority and women's business enterprises for the purposes
3 set forth in section 3 of this act.

4 NEW SECTION. **Sec. 7.** APPROPRIATION--BOND GUARANTEE PROGRAM. The
5 sum of two million dollars is appropriated for the biennium ending June
6 30, 2009, from the insurance commissioner's regulatory account to the
7 disadvantaged contractor bonding program fund created in section 5 of
8 this act for the purposes set forth in section 4 of this act.

9 NEW SECTION. **Sec. 8.** EXPIRATION DATE. Sections 1 through 5 of
10 this act expire July 1, 2009.

11 NEW SECTION. **Sec. 9.** CODIFICATION. Sections 1 through 5 of this
12 act are each added to chapter 39.19 RCW.

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